

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b)(7)(C), Engineer, DWSD

Activity Date:

June 13, 2012

Reporting Official and Date:

(b)(6), (b)(7)(C)

Resident Agent in Charge

23-JUL-2012, Signed by (b)(6), (b)(7)

Approving Official and Date:

(b)(6), (b)(7)(C)

Special Agent in Charge

25-JUL-2012, Approved by (b)(6), (b)(7)
Assistant Special Agent in Charge

SYNOPSIS

On June 13, 2012, U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) Engineer, Water Systems, Detroit Water & Sewerage Department, regarding the execution of contract DWS 844A (Security Contract).

DETAILS

On June 13, 2012, U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) Engineer, Water Systems, Detroit Water & Sewerage Department, regarding the execution of contract DWS 844A (Security Contract). (b)(6), (b)(7)(C) was interviewed at the office of the Detroit Law Department. After being informed of the identity of the interviewing agent and the purpose of the interview, (b)(6), (b)(7)(C) provided the following information:

(b)(6), (b)(7)(C) has been employed by the DWSD for the past 14 years and was a Senior Assistant Engineer at the time of the execution of contract DWS 844A. In this capacity (b)(6), (b)(7)(C) reported to (b)(6), (b)(7)(C) (b)(6), (b)(7)(C) was the department project manager for DWS 844A which entailed interfacing and coordinating with the contractor and DWSD Security Division staff to make sure the system was installed and working properly. SD (b)(6), (b)(7)(C) was (b)(6), (b)(7)(C) direct supervisor who in turn reported to (b)(6), (b)(7)(C). The 844 DFT contract team consisted of (b)(6), (b)(7)(C) and Tull (TYJT), Ferguson Enterprises Inc. (FEI) and DCI. DCI was considered the project manager, TYJT was the design firm, and FEI conducted excavation work as needed for the installation of underground conduit. (b)(6), (b)(7)(C) characterized FEI's role in the execution of the contract as fairly minor. (b)(6), (b)(7)(C) of DCI was the point person for any contract issues.

(b)(6), (b)(7)(C) had heard of an issue with SBC and the network tie in being an issue specifically that some architecture needed to be in place for the security system. (b)(6), (b)(7)(C) commented that DWSD had no real control of the installation of the architecture. (b)(6), (b)(7)(C) was integral to this and would be a better person to talk to on the issue.

Substantial completion of the 844A contract was defined as having the system in "useful service" and differs from final completion which is the end of the contract. Substantial completion means all electronics are in place at all of the facilities; are powered up and responding; all of the existing systems are tied into the new system; and the contract is working to reduce false alarms. (b)(6), (b)(7)(C) explained that the substantial completion date set in the contract was tough to meet given the complexity of the contract and the contractor was too aggressive in agreeing to meet the substantial completion deadline. (b)(6), (b)(7)(C) commented that this was part of the reason why DFT got the contract.

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DFT missed the substantial completion date as they had all of the physical work done but were in the process of getting it all tied into the network. (b)(6), commented that being the lead person (b)(6) was not surprised that the substantial completion date given the complexity of the work. (b)(7)

(b)(6), was asked about a change order which was drafted for 844A in the Summer of 2005 but then cancelled. (b)(6), replied that it was ringing a bell and will check (b)(6) file back at (b)(6) office. (b)(6), recalled (b)(7) to write a change order for 844A and then being told to scuttle it based on (b)(7) the word for higher ups. (b)(6), (b)(7)(C) would have told (b)(6), to start the letter to the Board of Water Commissioners for the change order. (b)(6), added that no change orders were ever issued under 844A and this was because of the public relations issues surrounding this contract. (b)(7)

This change order was to add five water treatment plants scope of work for 844A. (b)(6), thought that the Security Division wanted the work to be done. (b)(6), commented that the cost to add the work to 844A is what scared off the higher ups from adding this to 844A. (b)(6), recalled the department staff being told by (b)(6), (b)(7)(C) and (b)(6), (b)(7)(C) to find (b)(7) money in existing contracts to accomplish this work. This is done with contracts if the need is great enough. PC 747 was one of the contracts which work was added for the five water treatment plants. (b)(6), (b)(7) (b)(6) was the DWSD Field Services employee assigned to PC 747 although (b)(6), oversaw the work completed under the change order. (b)(6), commented that while the funding source changed the work was done by the 844A contractor and subs. (b)(7)

(b)(6), characterized (b)(6), as someone who would go up the department management chain when (b)(6) didn't like an answer given by the engineering staff. The only management staff (b)(6), knew (b)(6), to meet with was (b)(6), (b)(7) (b)(7)

(b)(6), reviewed an email dated February 10, 2006, and an attachment to the email which is titled (b)(7) "Weekly Report" and dated February 6, 2006. (b)(6), recognized the documents and explained that (b)(6) sent the email s weekly to (b)(6), (b)(7)(C) (b)(7) and (b)(6), with an attached report on the weekly status of 844A. (b)(6), confirmed that in this particular weekly report that the contractor still had work to perform (b)(7) to meet the substantial completion date. The work detailed in this report is "fairly fundamental and important to the contract" and it was well known that it was not complete nor was the system operation at this date. One of the functions discussed is the "normal" and "high" security operation modes which was not completed yet. Another issue was the camera coverage ranges, which (b)(6), characterized as irritating as the contractor defined the coverage differently than the security staff. This also was not resolved by February 6, 2006. (b)(7)

(b)(6), characterized the decision to not seek liquated damages as being one made by management. (b)(7) There was some discussion of pursuing damages on this contract. (b)(6), has never assessed liquated damages on any of the contracts (b)(6) was involved with. (b)(7)

(b)(6), reviewed an email dated March 26, 2006 regarding the Central Services Facility on Huber Street. (b)(6), explained that the work entailed adding new cameras inside the facility and an id scanner and was a part of the original scope of work for 844A. At the time of the email the physical equipment was in place but the network connection and false alarm work need to be completed. (b)(7)

(b)(6), emailed SA (b)(6), (b)(7) several documents related to the execution of 844A after the (b)(7)

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conclusion of the interview which are as follows:

1. Board Summary for WTP Perimeter Intrusion System
2. DWS844A_Change_Order_Number_One 5Jul06
3. M343 Change Order for Fence Sensor Work
4. RFQ-Perimeter Systems at WTPs
5. Summary 2005 Board Summary for WTP.
6. Weiss RFQ for Security Work at WTP's.
7. WTP Security System RFQ to Weiss-Rom's Corrections.

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